OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE June 29, 2020

Auditor of State Rob Sand today released an audit report on Fremont County, Iowa.

FINANCIAL HIGHLIGHTS:

The County's revenues totaled $12,816,410 for the year ended June 30, 2019, a 12.5% decrease from the prior year. Expenses for County operations for the year ended June 30, 2019 totaled $12,737,483, a 16.3% increase over the prior year. The significant decrease in the revenues is due primarily to a decrease in farm to market infrastructure contributions from the Iowa Department of Transportation. The increase in expenses is due primarily to costs associated with the acquisition of emergency communication equipment for the County and other local jurisdictions.

AUDIT FINDINGS:

Sand reported ten findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 83 of this report. The findings address issues such as a lack of segregation of duties, the lack of reporting material amounts of accounts receivable, a lack of timesheets for all employees and the lack of a complete monthly bank reconciliation which reconciles bank and investment balances to the general ledger balance. Sand provided the County with recommendations to address each of these findings.

The findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at https://auditor.iowa.gov/audit-reports.

# # #

FREMONT COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2019

Fremont County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

June 24, 2020

Officials of Fremont County
Sidney, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Fremont County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Fremont County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Table of Contents

Fremont County

Officials

(Before January 2019)

Name	Title	Term Expires
Earl Hendrickson	Board of Supervisors	Jan 2019
Randy Hickey	Board of Supervisors	Jan 2019
Terry Graham	Board of Supervisors	Jan 2021
Dee Owen	County Auditor	Jan 2021
Alise Snyder	County Treasurer	Nov 2018
Jenny McAllister	County Recorder	Jan 2019
Kevin Aistrope	County Sheriff	Jan 2021
Brenna Bird	County Attorney	Nov 2018
Brenda Mintle	County Assessor	Jan 2022

(After January 2019)

Name	Title	Term Expires
Terry Graham	Board of Supervisors	Jan 2021
Randy Hickey	Board of Supervisors	Jan 2023
Dustin Sheldon	Board of Supervisors	Jan 2023
Dee Owen	County Auditor	Jan 2021
Alise Snyder	County Treasurer	Jan 2023
Jenny McAllister	County Recorder	Jan 2023
Kevin Aistrope	County Sheriff	Jan 2021
Naeda Elliot	County Attorney	Jan 2023
Brenda Mintle	County Assessor	Jan 2022

Fremont County

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Independent Auditor's Report

To the Officials of Fremont County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County as of June 30, 2019, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 50 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2020 on our consideration of Fremont County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fremont County's internal control over financial reporting and compliance.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fremont County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- Governmental activities revenues decreased $1,828,187, or 12.5%, from fiscal year 2018 to fiscal year 2019. Capital grants, contributions and restricted interest decreased $2,475,613, or 57.3%, while operating grants, contributions and restricted interest increased $317,869, or 9.5%. Local option sales tax also increased $107,790, or 42.4%.

- Program expenses of the County's governmental activities in fiscal year 2019 increased $1,783,305, or 16.3%, over fiscal year 2018. Public safety and legal services increased $880,494, roads and transportation expenses increased $733,493, and administration increased $301,939.

- The County's net position increased $78,297, or .36%, over the June 30, 2018 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Fremont County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Fremont County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Fremont County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

   The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for trustee-controlled drainage districts, emergency management services and the County Assessor, to name a few.

   The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Fremont County's combined net position increased from approximately $21.9 million to approximately $22.0 million. The analysis that follows focuses on the changes in the net position of governmental activities.

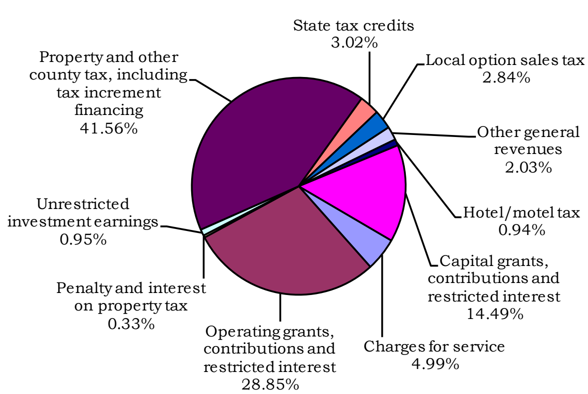
Net Position of Governmental Activities

	June 30, 2019	June 30, 2018
Current and other assets	$ 12,403,264	11,234,400
Capital assets	25,193,231	23,318,955
Total assets	37,596,495	34,553,355
Deferred outflows of resources	844,537	918,003
Long-term liabilities	9,853,809	7,729,302
Other liabilities	389,962	250,452
Total liabilities	10,243,771	7,979,754
Deferred inflows of resources	6,174,034	5,547,304
Net position:		
Net investment in capital assets	19,083,231	18,828,955
Restricted	5,085,113	4,999,418
Unrestricted	(2,145,117)	(1,884,073)
Total net position	$ 22,023,227	21,944,300

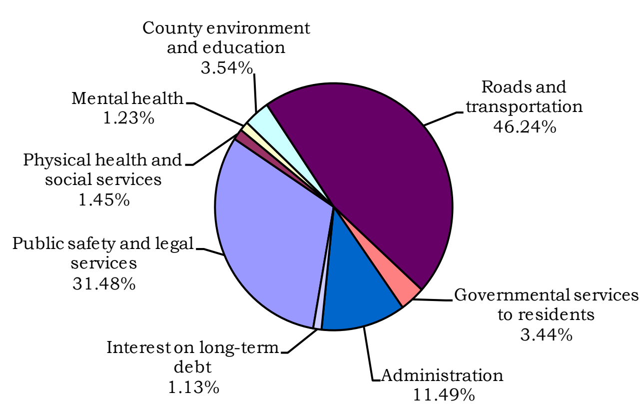
Net position of Fremont County's governmental activities increased .36%, or approximately $79,000, during the year. The largest portion of the County's net position is invested in capital assets (i.e. land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is reported at a deficit of approximately ($2,145,117) at June 30, 2019. The unrestricted net position deficit is due to reporting the net pension liability, the total OPEB liability and the debt associated with the general obligation capital loan notes for the Fremont County Landfill Commission.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	$ 635,620	603,736
Operating grants, contributions and restricted interest	3,677,497	3,359,628
Capital grants, contributions and restricted interest	1,847,247	4,322,860
General revenues:		
Property and other county tax, including tax increment financing	5,298,501	5,297,107
Penalty and interest on property tax	41,911	44,322
State tax credits	384,583	361,454
Local option sales tax	362,040	254,250
Hotel/motel tax	119,600	115,714
Unrestricted investment earnings	120,909	92,313
Gain on disposition of capital assets	69,415	-
Other general revenues	259,087	193,213
Total revenues	12,816,410	14,644,597
Program expenses:		
Public safety and legal services	4,009,540	3,129,046
Physical health and social services	184,412	192,610
Mental health	156,636	329,840
County environment and education	450,470	417,837
Roads and transportation	5,890,607	5,157,114
Governmental services to residents	438,068	423,094
Administration	1,463,583	1,161,644
Interest on long-term debt	144,167	142,993
Total expenses	12,737,483	10,954,178
Change in net position	78,927	3,690,419
Net position beginning of year, as restated	21,944,300	18,253,881
Net position end of year	$ 22,023,227	21,944,300

Revenues by Source



Expenses by Program



Overall, revenues decreased $1,828,187, or 12.5%, during the year. The decrease is primarily due to a decrease in capital grants, contributions and restricted interest for roads and bridges paid for by the Iowa Department of Transportation.

Fremont County's overall property tax rate for fiscal year 2019 increased $.24618 per $1,000 of taxable valuation. The countywide assessed property taxable valuation decreased $1,469,017. The rural services levies remained the same. The general basic levy increased $0.25000 per $1,000 of taxable valuation while the mental health levy decreased to $0.10877 per $1,000 of taxable valuation and the general supplemental levy increased $0.09454 and the debt service levy increased $.01041 per $1,000 of taxable valuation.

The cost of all governmental activities this year increased approximately $1,783,000, or 16.3%, primarily due to an increase in spending for emergency communication equipment.

INDIVIDUAL MAJOR FUND ANALYSIS

As Fremont County completed the year, its governmental funds reported a combined fund balance of $6,255,559 compared to $5,707,370 at June 30, 2018, an increase of $548,189, or 9.6%.

- The General Fund, the operating fund for Fremont County, ended fiscal year 2019 with a balance of $3,220,869 an increase of $1,088,349 over the fiscal year 2018 ending balance of $2,132,520. Total expenditures increased $275,399 and total revenues increased $582,042. The County's revenues increased as a result of an increase in intergovernmental revenue for contract law enforcement and a CDBG grant for watershed management and an increase in property tax rates. Expenditures increased primarily due to an increase in administration costs primarily associated with a HUD grant affecting the administration function. Other financing sources also increased significantly as a result of note proceeds of $800,000 received for the Fremont County Sanitary Landfill Commission.

- The State has taken over Medicaid funded services. The Special Revenue, Mental Health Fund balance at year-end decreased $13,196 or 26.6%, from the prior year to $36,411. $143,023 of the mental health funds collected by the County were distributed to Southwest Iowa MHDS, the regional mental health organization.

- The Special Revenue, Rural Services Fund ending fund balance decreased $247,501 from the prior year to $514,441. The decrease is primarily due to an increase in public safety and legal services expenditures related to salaries and increased rural county expenses. Property and other county tax also decreased $61,711, or 4.0%, due to a decline in property valuation.

- The Special Revenue, Secondary Roads Fund ended fiscal year 2019 with a $1,913,562 fund balance, a decrease of $552,363 compared to the prior year ending fund balance of $2,465,925. This was a 22.4% decrease. Revenues decreased .4% and expenditures increased $886,711, or 20.8%, primarily due to completion of a capital road construction project and costs associated with flooding in 2019.

- The Capital Projects Fund ended fiscal year 2019 with a fund balance of $254,323, an increase of $244,598 over the ending balance for fiscal year 2018. During fiscal year 2019 the County issued $1,870,000 of general obligation capital loan notes for law enforcement and emergency services communication equipment and systems. Expenditures for project costs totaled $1,678,345 during fiscal year 2019. Of these costs, $671,208 and $192,812 were capitalized as construction in progress and equipment, respectively. The remaining portion of these costs, approximately $814,000 were costs related to professional service fees, bond issuance costs, costs not meeting the threshold for capitalization or costs for equipment provided to other local jurisdictions.

BUDGETARY HIGHLIGHTS

Over the course of the year, Fremont County amended its budget twice. The first amendment was made in January 2019 and resulted in an increase in budgeted disbursements in the amount of $2,008,597 related to capital projects, public safety and legal services and physical health and social services. The capital projects function increased $1,891,237 as a result of the receipt and disbursement of bond proceeds. The second amendment was made in June 2019 and resulted in an increase in budgeted disbursements of $1,872,624, related to an increase in roads and transportation costs, county environment and education costs and public safety and legal services costs. Increases were primarily due to anticipated costs associated with county wide floods.

The County's receipts were $46,496 more than budgeted, a variance of .4%. The most significant variance resulted from the County receiving less intergovernmental receipts and more property and other county tax receipts and use of money and property receipts than anticipated.

Total disbursements were $1,605,006 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and administration functions were $450,636, $336,685 and $334,753 respectively, less than the amounts budgeted. This was primarily due to the emergency communications and road projects not being completed as anticipated in addition to less costs for general services than anticipated.

Even with the budget amendments, the County exceeded the amount appropriated in two departments prior to amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Fremont County had approximately $25.19 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of $1,874,276, or 8%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2019	2018
Land	$ 197,904	197,904
Intangibles, road network	1,384,069	1,384,069
Construction in progress	690,500	-
Buildings	6,985,757	7,152,629
Improvements other than buildings	109,863	119,737
Equipment and vehicles	2,628,692	2,494,880
Infrastructure	13,196,446	11,969,736
Total	$ 25,193,231	23,318,955
This year's major additions included:		
Capital assets contributed by the Iowa Department of Transportation		$ 1,846,995
Secondary Roads motor grader and equipment		357,733
County Sheriff's vehicles and steel building		219,587
Emergency radios		192,812
Total		$ 2,617,127

Fremont County had depreciation expense of $1,431,590 in fiscal year 2019 and total accumulated depreciation of $10,159,224 at June 30, 2019. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2019, Fremont County had $7,140,000 of outstanding general obligation bonds/notes, compared to $4,795,000 of general obligation bonds/notes at June 30, 2018.

During the year ended June 30, 2019, the County issued general obligation capital loan notes of $1,870,000 for emergency communication equipment and $800,000 for landfill improvements.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Fremont County's constitutional debt limit is approximately $29.7 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fremont County's elected and appointed officials and citizens considered many factors when setting the 2020 County budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Amounts available for appropriation in the fiscal year 2020 operating budget are approximately $16.9 million. Property tax, including the general levies remained at $5.95000 per $1,000 of taxable valuation, debt service levy increased from $0.64295 to 0.98817 and MHDS mental health levy which increased slightly from $.21986 per $1,000 of taxable valuation to $.28441 per $1,000 of taxable valuation. Budgeted disbursements for the fiscal year 2020 operating budget are approximately $12.4 million, a decrease of approximately 18.7% from the final amended fiscal year 2019 budget primarily the result of the completion of capital projects during fiscal year 2019. The County has added no major new programs or initiatives to the fiscal year 2020 budget.

Fremont County has restricted 40% of the local option sales tax collected for infrastructure.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Fremont County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dee Owen at the Fremont County Auditor's Office, by mail at 506 Filmore Street, Sidney, Iowa 51652 or by telephone at (712) 374-2031.

Basic Financial Statements

Fremont County

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Cash and pooled investments	$ 4,519,098
Receivables:	
Property tax:	
Delinquent	17,239
Succeeding year	5,720,000
Interest and penalty on property tax	38,377
Accounts	7,762
Accrued interest	14,297
Loan	1,030,000
Due from other governments	374,111
Inventories	380,568
Prepaid items	301,812
Capital assets, net of accumulated depreciation	25,193,231
Total assets	37,596,495
Deferred Outflows of Resources	
Pension related deferred outflows	839,299
OPEB related deferred outflows	5,238
Total deferred outflows of resources	844,537
Liabilities	
Accounts payable	174,458
Accrued interest payable	17,873
Salaries and benefits payable	161,125
Due to other governments	36,506
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	485,000
Compensated absences	93,233
Portion due or payable after one year:	
General obligation bonds/notes	6,655,000
Compensated absences	394,809
Net pension liability	2,058,932
Total OPEB liability	166,835
Total liabilities	10,243,771
Deferred Inflows of Resources	
Unavailable property tax revenue	5,720,000
Pension related deferred inflows	394,702
OPEB related deferred inflows	59,332
Total deferred inflows of resources	6,174,034
Net Position	
Net investment in capital assets	19,083,231
Restricted for:	
Supplemental levy purposes	798,585
Mental health purposes	36,973
Rural services purposes	479,401
Secondary roads purposes	1,596,162
Other purposes	2,173,992
Unrestricted	(2,145,117)
Total net position	$ 22,023,227

See notes to financial statements.

Fremont County

Statement of Activities

Year ended June 30, 2019

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 4,037,590	348,020	122,797	-	(3,566,773)
Physical health and social services	184,412	8,180	66,442	-	(109,790)
Mental health	156,636	17,985	-	-	(138,651)
County environment and education	450,470	100,312	9,991	252	(339,915)
Roads and transportation	5,890,607	3,801	3,240,656	1,846,995	(799,155)
Governmental services to residents	438,068	165,408	-	-	(272,660)
Administration	1,435,533	9,899	237,611	-	(1,188,023)
Interest on long-term debt	144,167	-	-	-	(144,167)
Total	$ 12,737,483	653,605	3,677,497	1,847,247	(6,559,134)
General Revenues:					
Property and other county tax levied for general purposes					$ 5,234,013
Tax increment financing					46,503
Penalty and interest on property tax					41,911
State tax credits					384,583
Local option sales tax					362,040
Hotel/motel tax					119,600
Unrestricted investment earnings					120,909
Gain on disposition of capital assets					69,415
Miscellaneous					259,087
Total general revenues					6,638,061
Change in net position					78,927
Net position beginning of year					21,944,300
Net position end of year					$ 22,023,227

See notes to financial statements.

Fremont County

Balance Sheet
Governmental Funds

June 30, 2019

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	$ 2,059,779	36,411	539,262	1,312,759
Receivables:				
Property tax:				
Delinquent	11,754	562	2,971	-
Succeeding year	3,424,000	164,000	1,507,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	38,377	-	-	-
Accounts	7,302	-	-	460
Accrued interest	14,297	-	-	-
Loan	1,030,000	-	-	-
Due from other governments	132,343	-	-	241,768
Inventories	-	-	-	380,568
Prepaid items	176,778	-	-	125,034
Total assets	$ 6,894,630	200,973	2,049,233	2,060,589
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 76,094	-	10,715	87,060
Salaries and benefits payable	88,271	-	13,646	59,186
Due to other governments	35,265	-	460	781
Total liabilities	199,630	-	24,821	147,027
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,424,000	164,000	1,507,000	-
Succeeding year tax increment financing	-	-	-	-
Other	50,131	562	2,971	-
Total deferred inflows of resources	3,474,131	164,562	1,509,971	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	380,568
Prepaid items	176,778	-	-	125,034
Restricted for:				
Supplemental levy purposes	683,260	-	-	-
Mental health purposes	-	36,411	-	-
Rural services purposes	-	-	514,441	-
Secondary roads purposes	-	-	-	1,407,960
Capital projects	-	-	-	-
Debt service	1,030,000	-	-	-
Conservation purposes	1,573	-	-	-
County infrastructure	536,373	-	-	-
Other purposes	51,691	-	-	-
Unassigned	741,194	-	-	-
Total fund balances	3,220,869	36,411	514,441	1,913,562
Total liabilities, deferred inflows of resources and fund balances	$ 6,894,630	200,973	2,049,233	2,060,589

See notes to financial statements.

Capital Projects	Nonmajor	Total
254,323	316,564	4,519,098
-	1,952	17,239
-	572,000	5,667,000
-	53,000	53,000
-	-	38,377
-	-	7,762
-	-	14,297
-	-	1,030,000
-	-	374,111
-	-	380,568
-	-	301,812
254,323	943,516	12,403,264
-	589	174,458
-	22	161,125
-	-	36,506
-	611	372,089
-	572,000	5,667,000
-	53,000	53,000
-	1,952	55,616
-	626,952	5,775,616
-	-	380,568
-	-	301,812
-	-	683,260
-	-	36,411
-	-	514,441
-	-	1,407,960
254,323	-	254,323
-	19,974	1,049,974
-	-	1,573
-	-	536,373
-	295,979	347,670
-	-	741,194
254,323	315,953	6,255,559
254,323	943,516	12,403,264

Fremont County

Fremont County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2019

Total governmental fund balances (page 19)		$ 6,255,559
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is $35,352,455 and the accumulated depreciation is $10,159,224.		25,193,231
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		55,616
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 844,537	
Deferred inflows of resources	(454,034)	390,503
Long-term liabilities, including accrued interest payable, bonds/notes payable, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(9,871,682)
Net assets of governmental activities (page 16)		$ 22,023,227

See notes to financial statements.

Fremont County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2019

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 3,287,000	121,462	1,465,293	
Tax increment financing	-	-	-	-
Local option sales tax	276,525	-	85,515	-
Hotel/motel tax	119,600	-	-	-
Interest and penalty on property tax	36,662	-	-	-
Intergovernmental	908,240	9,318	89,867	3,240,656
Licenses and permits	9,255	-	-	3,801
Charges for service	333,175	-	-	-
Use of money and property	145,146	-	-	-
Miscellaneous	186,307	-	-	43,528
Total revenues	5,301,910	130,780	1,640,675	3,287,985
Expenditures:				
Operating:				
Public safety and legal services	2,676,236	-	473,666	-
Physical health and social services	153,827	-	19,007	-
Mental health	-	143,976	-	-
County environment and education	286,031	-	84,170	-
Roads and transportation	-	-	-	5,151,161
Governmental services to residents	436,040	-	520	-
Administration	1,397,327	-	-	-
Capital projects	-	-	-	-
Debt service	80,905	-	-	-
Total expenditures	5,030,366	143,976	577,363	5,151,161
Excess (deficiency) of revenues over (under) expenditures	271,544	(13,196)	1,063,312	(1,863,176)
Other financing sources (uses):				
Sale of capital assets	16,805	-	-	-
Transfers in	-	-	-	1,310,813
Transfers out	-	-	(1,310,813)	-
General obligation notes issued	800,000	-	-	-
Premium on notes issued	-	-	-	-
Total other financing sources (uses)	816,805	-	(1,310,813)	1,310,813
Change in fund balances	1,088,349	(13,196)	(247,501)	(552,363)
Fund balances beginning of year	2,132,520	49,607	761,942	2,465,925
Fund balances end of year	$ 3,220,869	36,411	514,441	1,913,562

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	358,905	5,232,660
-	46,503	46,503
-	-	362,040
-	-	119,600
-	-	36,662
-	44,043	4,292,124
-	450	13,506
-	1,467	334,642
3,657	35	148,838
-	27,702	257,537
3,657	479,105	10,844,112
-	8,700	3,158,602
-	-	172,834
-	-	143,976
-	60,278	430,479
-	-	5,151,161
-	-	436,560
-	-	1,397,327
1,678,345	-	1,678,345
-	381,825	462,730
1,678,345	450,803	13,032,014
(1,674,688)	28,302	(2,187,902)
-	-	16,805
-	19,686	1,330,499
-	(19,686)	(1,330,499)
1,870,000	-	2,670,000
49,286	-	49,286
1,919,286	-	2,736,091
244,598	28,302	548,189
9,725	287,651	5,707,370
254,323	315,953	6,255,559

Fremont County

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year ended June 30, 2019

Change in fund balances - Total governmental funds (page 23)		$ 548,189
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 1,406,261	
Capital assets contributed by the Iowa Department of Transportation	1,846,995	
Depreciation expense	(1,431,590)	1,821,666
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		52,610
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	1,353	
Other	5,249	6,602
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:		
Issued	(2,670,000)	
Repaid	325,000	(2,345,000)
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		355,931
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	(22,624)	
OPEB expense	(18,689)	
Pension expense	(313,321)	
Interest on long-term debt	(6,437)	(361,071)
Change in net position of governmental activities (page 17)		$ 78,927

See notes to financial statements.

Fremont County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets	
Cash and pooled investments:	
County Treasurer	$ 1,877,221
Other County officials	20,045
Receivables:	
Property tax:	
Delinquent	42,979
Succeeding year	10,675,000
Accounts	320
Drainage assessments	1,589,805
Due from other governments	67,308
Total assets	14,272,678
Liabilities	
Accounts payable	7,195
Salaries and benefits payable	8,463
Stamped warrants payable	1,590,488
Due to other governments	12,648,438
Trusts payable	3,353
Compensated absences	14,741
Total liabilities	14,272,678
Net position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Fremont County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Fremont County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Fremont County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts which are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Fremont County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Southwest IV Transportation Planning Agency, Job Training Partnership Agency, Multi-County Juvenile Detention Center and Southwest Iowa Crime Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position which applies to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Fremont County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables which will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements did not exceed the budgeted amounts in any function. However, disbursements in two departments exceeded the amount appropriated prior to the approval of an appropriation amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2019, the County had $1,355,886 invested in stamped drainage warrants.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	$ 1,310,813
Low to Moderate Income Assistance	Tax Increment Financing Rebate	19,686
Total		$ 1,330,499

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 197,904	-	-	197,904
Intangibles, road network	1,384,069	-	-	1,384,069
Construction in progress	-	2,537,495	(1,846,995)	690,500
Total capital assets not being depreciated	1,581,973	2,537,495	(1,846,995)	2,272,473
Capital assets being depreciated:				
Buildings	8,647,376	6,200	-	8,653,576
Improvements other than buildings	220,533	-	-	220,533
Equipment and vehicles	6,745,061	780,320	(185,022)	7,340,359
Infrastructure, road network	14,622,670	1,846,995	-	16,469,665
Infrastructure, other	395,849	-	-	395,849
Total capital assets being depreciated	30,631,489	2,633,515	(185,022)	33,079,982
Less accumulated depreciation for:				
Buildings	1,494,747	173,072	-	1,667,819
Improvements other than buildings	100,796	9,874	-	110,670
Equipment and vehicles	4,250,181	628,359	(166,873)	4,711,667
Infrastructure, road network	2,882,412	607,173	-	3,489,585
Infrastructure, other	166,371	13,112	-	179,483
Total accumulated depreciation	8,894,507	1,431,590	(166,873)	10,159,224
Total capital assets being depreciated, net	21,736,982	1,201,925	(18,149)	22,920,758
Governmental activities capital assets, net	$ 23,318,955	3,739,420	(1,865,144)	25,193,231

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 256,244
County environment and education	32,890
Roads and transportation	1,110,955
Administration	31,501
Total depreciation expense - governmental activities	$ 1,431,590

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General	Services	$ 35,265
Special Revenue:		
Rural Services	Services	460
Secondary Roads	Services	781
		1,241
Total for governmental funds		$ 36,506
Agency:		
County Assessor	Collections	$ 763,710
Schools		7,458,466
Community Colleges		767,525
Corporations		1,871,083
Townships		248,363
Auto License and Use Tax		247,391
All other		1,291,900
Total for agency funds		$ 12,648,438

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	General Obligation Notes	General Obligation Bonds LEC	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$ 305,000	4,490,000	465,418	2,313,485	155,399	7,729,302
Increases	2,670,000	-	540,934	-	11,436	3,222,370
Decreases	75,000	250,000	518,310	254,553	-	1,097,863
Balance end of year	$ 2,900,000	4,240,000	488,042	2,058,932	166,835	9,853,809
Due within one year	$ 230,000	255,000	93,233	-	-	578,233

General Obligation Bonds/Notes

On November 1, 2014, the County issued $520,000 of general obligation refunding capital loan notes for a crossover advance refunding of $495,000 of the general obligation solid waste disposal bonds dated August 9, 2007 for the purpose of constructing improvements to the Fremont County Landfill Commission facilities. The notes bear interest at .65% to 2.15% per annum and mature June 1, 2022. On April 16, 2019 the County issued $800,000 general obligation capital loan notes, in order to provide funds to pay the costs of improvements and extensions to the landfill facilities. The notes bear interest at 2.25% to 3.00% per annum and mature June 1, 2032. The Fremont County Landfill Commission agreed to make payments to the County to pay the principal and interest on the general obligation solid waste disposal refunding notes and the general obligation capital loan notes as they came due.

On April 15, 2014, the County issued $5,425,000 of general obligation bonds for the purpose of constructing, furnishing and equipping a County Law Enforcement Center. The bonds bear interest at 2.00% to 3.75% per annum and mature June 1, 2033.

On October 24, 2018, the County issued $1,870,000 of general obligation capital loan notes for the purpose of acquiring, constructing and installing peace officer communication equipment and other emergency communication equipment and systems. The notes bear interest of 2.00% to 3.25% per annum and mature June 2029.

Annual debt service requirements to maturity for the general obligation bonds/ notes are as follows:

Year Ending June 30,	Solid Waste Disposal Refunding Notes Interest Rates	Principal	Interest
2020	1.70%	$ 70,000	4,630
2021	2.15	75,000	3,440
2022	2.15	85,000	1,828
Total		$ 230,000	9,898

Year Ending June 30,	Solid Waste Disposal Capital Loan Notes Interest Rates	Principal	Interest
2020	2.25%	$ -	22,610
2021	2.25	-	21,648
2022	2.25	-	21,648
2023	2.25	70,000	21,648
2024	2.25	75,000	20,073
2025-2029	2.45-3.00	390,000	72,743
2030-2033	3.00	265,000	16,050
Total		$ 800,000	196,420

Year Ending June 30,	Law Enforcement Center Bonds Interest Rates	Principal	Interest
2020	2.00%	$ 255,000	126,325
2021	2.00	260,000	121,225
2022	2.00	265,000	116,025
2023	2.50	270,000	110,725
2024	2.50	280,000	103,975
2025-2029	2.75-3.25	1,510,000	398,900
2030-2033	3.50-3.75	1,400,000	131,138
Total		$ 4,240,000	1,108,313

Year	Communication Notes			Total		
Ending June 30,	Interest Rates	Principal	Interest	Principal	Interest	Total
2020	2.00%	$ 160,000	59,950	485,000	213,515	698,515
2021	2.00	165,000	55,150	500,000	201,463	701,463
2022	2.00	170,000	50,200	520,000	189,701	709,701
2023	2.50	175,000	45,100	515,000	177,473	692,473
2024	2.50	185,000	39,850	540,000	163,898	703,898
2025-2029	2.75-3.25	1,015,000	99,100	2,915,000	570,743	3,485,743
2030-2033				1,665,000	147,188	1,812,188
Total		$ 1,870,000	349,350	7,140,000	1,663,981	8,803,981

During the year ended June 30, 2019, the County retired $325,000 of general obligation bonds/notes.

(7) Loan Receivable

The County loaned note proceeds to the Fremont County Landfill Commission. Under the agreement, the Fremont County Landfill Commission has agreed to make payments to the County equal to the payments the County is required to make on the general obligation capital loan notes, detailed in Note 6 of the Notes to Financial Statements. The principal and interest payments from the Fremont County Landfill Commission are credited to the General Fund.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 totaled $355,931.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of $2,058,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's proportion was 0.032536%, which was a decrease of 0.002194% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of $313,321. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,959	70,107
Changes of assumptions	432,090	101,239
Net difference between projected and actual earnings on IPERS' investments	-	94,383
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	29,319	128,973
County contributions subsequent to the measurement date	355,931	-
Total	$ 839,299	394,702

$355,931 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	$ 141,970
2021	44,029
2022	(67,874)
2023	(22,337)
2024	(7,122)
Total	$ 88,666

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of a economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 4,262,926	2,058,932	210,864

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2019, the County reported payables to IPERS of $28,775 for legally required County contributions and $18,942 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Fremont County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	79
Total	79

Total OPEB Liability – The County's total OPEB liability of $166,835 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date projected on a 'no gain/no loss' basis to get to the June 30, 2019 amount.

Actuarial Assumptions – The total June 30, 2019 OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.51% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 155,399
Changes for the year:	
Service cost	20,562
Interest	6,810
Differences between expected and actual experiences	(19,608)
Changes in assumptions	3,672
Benefit payments	-
Net changes	11,436
Total OPEB liability end of year	$ 166,835

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	$ 177,175	166,835	156,732

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (7.50%)	Healthcare Cost Trend Rate (8.50%)	1% Increase (9.50%)
Total OPEB liability	$ 146,772	166,835	190,711

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of $18,689. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(59,332)
Changes in assumptions	5,238	-
Total	$ 5,238	(59,332)

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2020	$ 8,683
2021	8,683
2022	8,683
2023	8,683
2024	8,683
Thereafter	10,679
	$ 54,094

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were $162,232.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the Pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Development Agreement

The County entered into a development agreement to assist in an urban renewal project, as follows:

> The County agreed to rebate 62.26% of the incremental property tax paid by the developer in exchange for the construction of certain road, water and sanitary sewer improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed $300,000. During the year ended June 30, 2019, $32,478 was rebated to the developer, with a cumulative total of $286,539 rebated to the developer as of June 30, 2019.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2019, $13,174 of property tax was diverted from the County under the urban renewal and economic development projects.

(13) Financial Assurance

The County participates in an agreement with the Fremont County Landfill Commission, which was created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-104.26(5) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2019 are $1,725,820 and the County's financial assurance obligation amount is $985,643. At June 30, 2019, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

In the event the Commission fails to perform closure or postclosure care in accordance with the appropriate plan or permit, whenever required to do so, or fails to obtain an alternate financial assurance within 90 days of intent to cancel, the County will perform or pay a third party to perform closure and/or postclosure care or establish a standby trust fund in the name of the Commission or obtain alternate financial assurance in the amount of the assured amount.

(14) County Financial Information Included in the Southwest Iowa Mental Health and Disability Services Region (SWIA MHDS)

SWIA MHDS, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cass County, Harrison County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County, Shelby County and Fremont County. The financial activity of the County's Special Revenue, Mental Health Fund is included in SWIA MHDS for the year ended June 30, 2019, as follows:

Revenues:		
Property and other county tax		$ 121,462
Intergovernmental:		
State tax credits		9,318
Total revenues		130,780
Expenditures:		
Services to persons with:		
Mental illness		916
General administration:		
Direct administration	$ 37	
Distribution to regional fiscal agent	143,023	143,060
Total expenditures		143,976
Excess of expenditures over revenues		(13,196)
Fund balance beginning of year		49,607
Fund balance end of year		$ 36,411

(15) Subsequent Event

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of Fremont County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County's operations and finances.

(16) Commitment

On October 24, 2018, the County entered into a $1,820,422 contract with Motorola Solutions, Inc to provide services and equipment related to the implementation of a communication system. As of June 30, 2019, cost of $1,629,493 have been incurred for this agreement. The $190,929 balance on the contract will be paid as work on the communication system is completed.

Fremont County

Required Supplementary Information

Fremont County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 5,783,325	17,985	5,765,340
Interest and penalty on property tax	36,807	-	36,807
Intergovernmental	4,219,709	-	4,219,709
Licenses and permits	12,230	-	12,230
Charges for service	324,350	-	324,350
Use of money and property	155,616	-	155,616
Miscellaneous	198,208	-	198,208
Total receipts	10,730,245	17,985	10,712,260
Disbursements:			
Public safety and legal services	3,128,623	-	3,128,623
Physical health and social services	170,116	-	170,116
Mental health	144,461	-	144,461
County environment and education	1,235,213	2,329	1,232,884
Roads and transportation	4,888,315	-	4,888,315
Governmental services to residents	435,304	-	435,304
Administration	1,370,324	-	1,370,324
Non-program	-	-	-
Debt service	462,730	-	462,730
Capital projects	1,899,601	-	1,899,601
Total disbursements	13,734,687	2,329	13,732,358
Excess (deficiency) of receipts over (under) disbursements	(3,004,442)	15,656	(3,020,098)
Other financing sources, net	2,863,992	-	2,863,992
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(140,450)	15,656	(156,106)
Balance beginning of year	4,659,548	10,866	4,648,682
Balance end of year	$ 4,519,098	26,522	4,492,576

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
5,692,423	5,692,423	72,917
24,045	24,045	12,762
4,266,628	4,349,657	(129,948)
20,700	20,700	(8,470)
292,845	297,045	27,305
84,555	84,555	71,061
79,561	197,339	869
10,460,757	10,665,764	46,496
3,091,457	3,321,304	192,681
302,325	317,663	147,547
146,097	146,097	1,636
472,969	1,275,768	42,884
4,283,000	5,225,000	336,685
523,488	523,488	88,184
1,705,077	1,705,077	334,753
10,000	10,000	10,000
462,730	462,730	-
459,000	2,350,237	450,636
11,456,143	15,337,364	1,605,006
(995,386)	(4,671,600)	1,651,502
208,648	2,894,334	(30,342)
(786,738)	(1,777,266)	1,621,160
3,868,759	3,868,759	779,923
3,082,021	2,091,493	2,401,083

Fremont County

Fremont County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 10,730,245	113,867	10,844,112
Expenditures	13,734,687	(730,723)	13,003,964
Net	(3,004,442)	844,590	(2,159,852)
Other financing sources, net	2,863,992	(155,951)	2,708,041
Beginning fund balances	4,659,548	1,047,822	5,707,370
Ending fund balances	$ 4,519,098	1,736,461	6,255,559

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $3,881,221. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Disbursements during the year ended June 30, 2019 did not exceed the amount budgeted in any function. However, disbursements in two departments exceeded the amount appropriated prior to budget amendment.

Fremont County

Schedule of the County’s Proportionate Share of the Net Pension Liability

Iowa Public Employees’ Retirement System
For the Last Five Years*
(In Thousands)

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.032536%	0.034730%	0.035688%	0.037198%	0.036244%
County's proportionate share of the net pension liability	$ 2,059	2,313	2,246	1,838	1,437
County's covered payroll	$ 3,569	3,444	3,362	3,080	2,978
County's proportionate share of the net pension liability as a percentage of its covered payroll	57.69%	67.40%	66.81%	59.68%	48.25%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Fremont County

Schedule of County Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

		2019	2018	2017	2016
Statutorily required contribution	$	356	327	316	310
Contributions in relation to the statutorily required contribution		(356)	(327)	(316)	(310)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	3,699	3,569	3,444	3,362
Contributions as a percentage of covered payroll		9.62%	9.16%	9.18%	9.22%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
281	271	253	252	212	200
(281)	(271)	(253)	(252)	(212)	(200)
-	-	-	-	-	-
3,080	2,978	2,844	3,010	2,877	2,885
9.12%	9.10%	8.90%	8.37%	7.37%	6.93%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Fremont County

Schedule of Changes in the County's
Total OPEB Liability, Related Ratios and Notes

Supplementary Information

		2019	2018
Service cost	$	20,562	15,773
Interest cost		6,810	7,221
Difference between expected and actual experiences		(19,608)	(56,233)
Changes in assumptions		3,672	2,701
Benefit payments		-	-
Net change in total OPEB liability		11,436	(30,538)
Total OPEB liability beginning of year		155,399	185,937
Total OPEB liability end of year	$	166,835	155,399
Covered-employee payroll	$	3,472,796	3,363,483
Total OPEB liability as a percentage of covered-employee payroll		4.8%	4.6%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Fremont County

Supplementary Information

Fremont County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2019

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Tax Increment Financing Rebate
Assets				
Cash and pooled investments	$ 32,804	257	26,522	-
Receivables:	-			
Delinquent property tax	-	-	-	-
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	53,000
Total assets	$ 32,804	257	26,522	53,000
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ -	-	72	-
Salaries Payable	-	-	-	-
Total liabilities	-	-	72	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	53,000
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	53,000
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Other purposes	32,804	257	26,450	-
Total fund balances	32,804	257	26,450	-
Total liabilities, deferred inflows of resources and fund balances	$ 32,804	257	26,522	53,000

See accompanying independent auditor's report.

Revenue					
Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Debt Service	Total
109,274	12,181	1,588	113,964	19,974	316,564
-	-	-	-	1,952	1,952
-	-	-	-	572,000	572,000
-	-	-	-	-	53,000
109,274	12,181	1,588	113,964	593,926	943,516
-	517	-	-	-	589
-	22	-	-	-	22
-	539	-	-	-	611
-	-	-	-	572,000	572,000
-	-	-	-	-	53,000
-	-	-	-	1,952	1,952
-	-	-	-	573,952	626,952
-	-	-	-	19,974	19,974
109,274	11,642	1,588	113,964	-	295,979
109,274	11,642	1,588	113,964	19,974	315,953
109,274	12,181	1,588	113,964	593,926	943,516

Fremont County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2019

				Special
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Tax Increment Financing Rebate
Revenues:				
Property tax	$ -	-	-	-
Tax increment financing	-	-		46,503
Intergovernmental	-	-	-	5,661
Licenses and permits	-	-	-	-
Charges for service	1,467	-	-	-
Use of money and property	23	-	-	-
Miscellaneous	-	-	17,985	-
Total revenues	1,490	-	17,985	52,164
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	2,329	32,478
Debt service	-	-	-	-
Total expenditures	-	-	2,329	32,478
Excess (deficiency) of revenues over (under) expenditures	1,490	-	15,656	19,686
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(19,686)
Total other financing sources (uses)	-	-	-	(19,686)
Change in fund balances	1,490	-	15,656	-
Fund balances beginning of year	31,314	257	10,794	-
Fund balances end of year	$ 32,804	257	26,450	-

See accompanying independent auditor's report.

Revenue					
Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Debt Service	Total
-	-	-	-	358,905	358,905
-	-	-	-	-	46,503
-	9,991	-	825	27,566	44,043
-	-	-	450	-	450
-	-	-	-	-	1,467
-	12	-	-	-	35
-	252	-	9,465	-	27,702
-	10,255	-	10,740	386,471	479,105
-	-	-	8,700	-	8,700
10,999	14,472	-	-	-	60,278
-	-	-	-	381,825	381,825
10,999	14,472	-	8,700	381,825	450,803
(10,999)	(4,217)	-	2,040	4,646	28,302
19,686	-	-	-	-	19,686
-	-	-	-	-	(19,686)
19,686	-	-	-	-	-
8,687	(4,217)	-	2,040	4,646	28,302
100,587	15,859	1,588	111,924	15,328	287,651
109,274	11,642	1,588	113,964	19,974	315,953

Fremont County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

		County Offices	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$	-	7,906	434,947	115,118
Other County officials		20,045	-	-	-
Receivables:					
Property tax:					
Delinquent		-	613	1,206	24,348
Succeeding year		-	179,000	351,000	7,319,000
Accounts		320	-	-	-
Drainage assessments		-	-	-	-
Due from other governments		-	-	-	-
Total assets	$	20,365	187,519	787,153	7,458,466
Liabilities					
Accounts payable	$	-	-	2,420	-
Salaries and benefits payable		-	-	6,282	-
Stamped warrants payable		-	-	-	-
Due to other governments		17,012	187,519	763,710	7,458,466
Trusts payable		3,353	-	-	-
Compensated absences		-	-	14,741	-
Total liabilities	$	20,365	187,519	787,153	7,458,466

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
11,947	30,475	3,743	247,391	470,937	554,757	1,877,221
-	-	-	-	-	-	20,045
2,578	13,608	620	-	-	6	42,979
753,000	1,827,000	244,000	-	-	2,000	10,675,000
-	-	-	-	-	-	320
-	-	-	-	1,589,805	-	1,589,805
-	-	-	-	-	67,308	67,308
767,525	1,871,083	248,363	247,391	2,060,742	624,071	14,272,678
-	-	-	-	-	4,775	7,195
-	-	-	-	-	2,181	8,463
-	-	-	-	1,590,488	-	1,590,488
767,525	1,871,083	248,363	247,391	470,254	617,115	12,648,438
-	-	-	-	-	-	3,353
-	-	-	-	-	-	14,741
767,525	1,871,083	248,363	247,391	2,060,742	624,071	14,272,678

Fremont County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 36,825	173,224	699,672	7,079,021
Additions:				
Property and other county tax	-	180,049	353,042	7,351,818
911 surcharge	-	-	-	-
State tax credits	-	12,967	25,700	543,505
Drivers license fees	-	-	-	-
Office fees and collections	189,552	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	273,624	-	-	-
Miscellaneous	-	-	-	-
Total additions	463,176	193,016	378,742	7,895,323
Deductions:				
Agency remittances:				
To other funds	51,803	-	-	-
To other governments	130,561	178,721	291,261	7,515,878
Trusts paid out	297,272	-	-	-
Total deductions	479,636	178,721	291,261	7,515,878
Balances end of year	$ 20,365	187,519	787,153	7,458,466

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
663,215	1,970,329	242,173	211,807	459,140	531,203	12,066,609
826,865	1,686,273	248,747	-	518,732	1,603	11,167,129
-	-	-	-	-	273,063	273,063
55,705	244,664	14,526	-	-	122	897,189
-	-	-	48,683	-	-	48,683
-	-	-	-	-	450	190,002
-	-	-	-	-	1,442	1,442
-	-	-	2,713,959	-	-	2,713,959
-	-	-	-	-	-	-
-	-	-	-	-	227,911	501,535
-	10,853	-	-	8,509	197,795	217,157
882,570	1,941,790	263,273	2,762,642	527,241	702,386	16,010,159
-	-	-	226,818	-	-	278,621
778,260	2,041,036	257,083	2,500,240	516,127	162,474	14,371,641
-	-	-	-	-	447,044	744,316
778,260	2,041,036	257,083	2,727,058	516,127	609,518	15,394,578
767,525	1,871,083	248,363	247,391	470,254	624,071	12,682,190

Fremont County

Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds

For the Last Ten Years

		2019	2018	2017	2016
Revenues:					
Property and other county tax	$	5,232,660	5,251,410	4,954,444	4,586,033
Local option sales tax		362,040	254,250	389,525	376,573
Hotel/motel tax		119,600	115,714	126,307	116,234
Tax increment financing		46,503	43,764	240,155	252,521
Interest and penalty on property tax		36,662	39,228	31,829	30,307
Intergovernmental		4,292,124	4,029,693	4,007,602	4,059,073
Licenses and permits		13,506	14,894	14,310	16,015
Charges for service		334,642	319,784	316,451	316,795
Use of money and property		148,838	138,524	103,908	86,832
Miscellaneous		257,537	216,228	286,218	173,536
Total	$	10,844,112	10,423,489	10,470,749	10,013,919
Expenditures:					
Operating:					
Public safety and legal services	$	3,158,602	3,095,187	2,739,758	2,539,188
Physical health and social services		172,834	192,201	178,874	158,461
Mental health		143,976	329,537	276,030	353,903
County environment and education		430,479	436,913	664,646	639,068
Roads and transportation		5,151,161	4,261,247	4,217,741	4,411,415
Governmental services to residents		436,560	415,287	392,753	403,046
Administration		1,397,327	1,121,856	1,145,031	1,176,027
Nonprogram		-	-	19,786	15,000
Capital projects		1,678,345	3,203	704,551	609,860
Debt service		462,730	484,748	459,111	464,679
Total	$	13,032,014	10,340,179	10,798,281	10,770,647

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
4,615,221	4,029,758	3,974,230	3,667,670	3,502,764	3,207,927
496,146	369,605	392,161	339,736	340,242	276,560
85,618	85,376	125,396	80,494	109,190	104,837
289,238	288,762	311,733	342,040	353,311	331,228
33,765	40,599	41,216	47,182	31,395	36,418
3,803,013	4,466,015	4,252,581	5,855,574	3,954,807	3,943,988
14,541	15,349	24,093	15,676	10,014	14,384
300,019	294,478	322,460	294,534	294,739	297,077
85,529	81,631	86,218	80,873	109,033	143,749
192,954	102,280	121,124	170,428	113,870	242,230
9,916,044	9,773,853	9,651,212	10,894,207	8,819,365	8,598,398

1,972,701	1,833,658	1,660,240	1,700,924	1,678,496	1,632,171
163,527	171,724	198,747	188,377	232,310	225,919
1,351,835	513,198	557,711	1,147,737	986,080	1,031,039
623,256	893,739	857,130	837,439	686,860	709,649
3,746,205	4,076,405	3,876,087	4,759,708	3,482,456	3,303,655
367,750	335,342	294,987	291,491	304,531	305,626
1,153,983	1,128,976	1,561,724	876,102	1,072,083	966,078
-	-	-	-	-	-
4,396,032	1,368,797	26,863	1,454,366	198,276	214,622
486,975	107,948	142,348	146,693	145,840	144,740
14,262,264	10,429,787	9,175,837	11,402,837	8,786,932	8,533,499

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Officials of Fremont County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) thru (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Fremont County's Responses to the Findings

Fremont County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Fremont County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Fremont County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 24, 2020

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

		Applicable Offices
(1)	Responsibilities for opening mail, collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Treasurer, County Recorder, County Agricultural Extension Office and County Sheriff
(2)	The person who signs checks is not independent of the person preparing the checks, approving disbursements, and recording cash receipts and disbursements.	County Recorder
(3)	The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.	County Treasurer
(4)	The change fund is shared among employees and is not verified by surprise counts.	County Treasurer

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect each County office's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Recorder – We do the best we can with a limited number of employees.

County Sheriff – Mail is opened by two people. A third person prepares a listing of the checks received by mail register that is included with the month end report. The Chief Deputy reviews the month end reconciliation including the register of checks received by mail. We continue to do mail procedures and receipting as previously stated.

County Agricultural Extension – We will do the best we can with our limited staff.

County Treasurer – The person who balances the end of day report does not count the cash drawer. A separate person counts this from our office. Due to limited space and personnel, it is difficult to segregate some of these duties. We do our diligent best to segregate and have a different person balance motor vehicle receipts, driver's license receipts and tax department's day end reports. The Treasurer has one person enter and do all CD investments. Then the Treasurer verifies them at the end of each month with the bank statements.

Conclusion – Response acknowledged. Each official should continue to review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Various fiscal year 2019 receipts were not accrued in the County's financial statements. Additionally, the County misclassified several accounts payable and receivables. The financial statements were adjusted for financial reporting purposes.

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables are identified and properly reported and all receivables and payables are properly classified the County's financial statements.

Response – We are working diligently to accrue items back to the proper year. We will work with other county departments including the Treasurer to ensure the receivables are properly classified in the financial statements.

Conclusion – Response accepted.

(C) Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances. Review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – The County Treasurer does not perform a complete monthly bank reconciliation which reconciles bank and investment balances, including stamped warrants, to the general ledger balance.

Cause – Procedures have not been designed and implemented to ensure all accounts are properly reconciled to book balances, reconciling items are identified and supported and the reconciliations are independently reviewed.

Effect – The lack of complete bank to book reconciliations and unsupported reconciling items can result in unrecorded transactions, undetected errors and opportunities for misappropriation.

Recommendation – The County Treasurer should establish procedures to ensure bank and investment account balances are reconciled to the general ledger monthly. Variances, if any, should be reviewed and resolved timely. An independent person should review the bank reconciliations and document the review by signing or initialing and dating the monthly bank reconciliation.

Response – We balance bank statements monthly and a person from the Auditor's office double checks them. We are doing a month end spread sheet of the stamped warrants that is a double check. The Treasurer's Office began having the County Auditor's Office review bank reconciliations as of July 2019.

Conclusion – Response accepted.

(D) Timesheets

Criteria – An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours worked. The County Board of Supervisors does not require salaried employees to prepare and file timesheets.

Condition – Timesheets are not prepared by salaried personnel.

Cause – Policies have not been established and procedures have not been implemented to require salaried employees to prepare timesheets.

Effect – Lack of timesheets for salaried personnel increases the risk of inaccurate leave records and the potential for pay for hours not worked. When an employee retires or otherwise leaves employment the County pays out unused vacation and compensatory time. Without detailed records to support the claim, there is no assurance the claim is proper. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

Recommendation – Timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – There are two elected official department heads that turn in sheets for time off, but not for bi-weekly time worked. They are elected officials and responsible for the record keeping in their respected offices. All other departments turn in bi-weekly time sheets.

Conclusion – Response acknowledged. Timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2019 in two departments exceeded the amount appropriated prior to the approval of an appropriation amendment by the Board of Supervisors.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We had severe flooding in our County and many road repairs were urgent and necessary. We will work to amend earlier to avoid this in the future. The court administration was a cost that has never been budgeted for in the past as it has never occurred in our county. We will now budget for that item to avoid this in the future.

Conclusion – Response accepted.

(2) Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

Paid to	Purpose	Amount
Costco	Membership for five Sheriff's Office employees and one spouse	$ 360
Sam's Club MC/SYNCB	Membership for five individuals	220

Recommendation - According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – The Costco memberships was a business membership, with the primary user costing $120 and then the next four memberships costing $60. The first card is a business membership which cannot be purchased for anything less than $120; that is where the spouse card came in as a free card. They did not allow anyone except a spouse to be that cardholder. There were no costs to the taxpayers for this spouse card. We did not renew the Costco membership because we did not use it as anticipated. The membership expired October 31, 2019.

We have a business account with SAMS Club with the primary cardholder as the County Sheriff and 4 other business cards. All five cards have the individual's names on the card.

Conclusion – Response accepted.

(3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

(4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jenny McAllister, County Recorder her husband owns Professional Wastewater Services, Inc.	Septic services	$ 2,288
Jeff Shirley, Road Department, wife Elizabeth, cleans and takes drug screenings for the roads department	Cleaning and drug screenings	4,147

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Professional Wastewater Services, Inc. do not represent a conflict of interest since the County Recorder's remuneration of employment is not directly affected as a result of the transactions and her duties do not directly involve procurement of the septic services.

The transactions with Elizabeth Shirley may represent a conflict of interest in accordance with Chapter 331.342 of the Code of Iowa since total transactions were more than $1,500 during the year and the transactions were not competitively bid. Per Auditor of State recommendation, as of January 1, 2019 a competitively bid contract was awarded to Elizabeth Shirley for drug screenings and she is no longer performing the cleaning services.

Recommendation – The County should consult legal counsel regarding the transactions with Professional Wastewater Services, Inc. to determine the disposition of this matter.

Response – The septic service was an emergency repair as we had sewage backing up into the courthouse. There is no one within 20 miles that performs these services. The Board deemed this necessary to prevent further damage.

Conclusion – Response acknowledged. The County should consult legal counsel concerning the transactions with the Road Department employee's wife.

(5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

(7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

(8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

(9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2019 for the County Extension Office did not exceed the amount budgeted.

(10) County Sheriff – During the fiscal year 2019, the County utilized Stellar Tellers Services, LLC (Stellar Tellers) cashier kiosks which are located at the County Law Enforcement Center to manage inmate funds. The County uses the Stellar Tellers for commissary purchases and payments on bonds at the Sheriff's office which are reported in a Stellar account. Although Commissary account profits were deposited with the County Treasurer beginning June 2019, the Stellar account activity was not reported to the County Treasurer throughout the remainder of the year, nor recorded in the County's financial records as required.

Recommendation – Chapter 331.902 of the Code of Iowa states "Unless specifically provided by statute, the fees and charges collected by the auditor, treasurer, recorder and sheriff and their deputies or employees, belong to the County". The Stellar Tellers bank account activity should be reported to the County and recorded in the County's financial records. The activity should be reconciled with County records and the trust listings each month and should be reviewed by an independent individual. Commissary account profits should be deposited with the County Treasurer monthly.

<u>Response</u> – A monthly reconciliation is reviewed by a Chief Deputy at the end of the month and it is sent to the Board of Supervisors with the Sheriff's Monthly Report. The money is then sent to the County Treasurer in June.

<u>Conclusion</u> – Response acknowledged. Commissary account profits should be deposited with the County Treasurer monthly.

(11) <u>Clothing Allowance</u> – The County Sheriff's Office provides a clothing allowance to all regular full-time and part-time employees who are required to wear a uniform. Per the union contract, each deputy required to wear a uniform shall be allowed a clothing and cleaning allowance up to $1,000 each fiscal year and each non-duty sheriff office employee required to wear a uniform shall be allowed a clothing and cleaning allowance up to $600 each fiscal year. The style and type of uniform will be determined by the County Sheriff.

The style and type of uniform determined by the County Sheriff was not documented. As a result, we were unable to determine how certain clothing purchases reimbursed under this policy met the definition of a required uniform or were considered necessary for the conduct of County business beyond what is considered clothing adaptable for general use and therefore would be considered a taxable benefit. Some examples of these items include: Sketchers Cali Women's Meditation Studio Kicks flat sandal for $42.00, Women's size 7.5 medium Earth shoes for $49.95, and Ortho Proven pain relief coral flat walking sneakers for $119.95.

<u>Recommendation</u> – The County Sheriff should establish and document criteria for standard uniforms and accessories necessary to carry out County business. Any purchases made for items unnecessary to carry out County business should be discontinued.

<u>Response</u> – All uniform purchases are approved prior to ordering by the purchasing agents for each department – i.e. Chief Deputy, Jail Administrator, Lead Dispatch and Bookkeeper. Uniforms dress clothes (for approved functions), and boots/shoes are approved as allowable expenditures for the clothing allowance.

<u>Conclusion</u> – Response acknowledged. The County Sheriff should establish and document criteria for standard uniforms and accessories necessary to carry out County business. Any purchases made for items unnecessary to carry out County business should be discontinued.

(12) <u>Sheriff Department Credit Cards</u> – The County's credit card policy states "in some instances, necessary purchases or expenditures may be paid utilizing a County credit card. Credit cards will be issued to the department head upon the approval of the Board of Supervisors. Credit card limits will also be established by the Board of Supervisors. Employees must receive advance authorization and specify the amount of the expenditure. A credit card purchase is only allowed for authorized County business expenses."

The County Sheriff's Office maintains three credit cards for use by various County Sheriff employees while on County business. For the year ended June 30, 2019, three credit cards were used for approximately $51,000 in purchases.

The three credit cards do not appear on the County's list of authorized credit cards. In addition, advance authorization for the credit card expenditures is not documented and there were various charges that did not have proper support for payment such as a proper itemized meal receipt, the employee being reimbursed and the County business purpose of travel.

Recommendation – The County should ensure all County credit cards and associated limits are approved by the Board of Supervisors in accordance with the County's credit card policy. In addition, advance authorization for all purchases should be documented and proper support should be maintained to determine the public purpose of the reimbursement.

Response – The Sheriff, Chief Deputy, Jail Administrator, Communications Supervisor and the designated purchasing agent can authorize purchases. All others get prior authorization before purchasing. We tried having a list approved by the Sheriff, but that process didn't work. So now the five purchasing agents/department heads can make purchases and approve other purchases.

It is not out of character to spend $51,000 in credit card purchases over the course of a year with online shopping and class registrations. Most of the Sherriff's Office employees are required to attend one or two or more schools per year. The registrations are now an online process requiring payment, which in hotel stays and meals associated with the school. In reference to the online shopping, the Sheriff's Office strives to find the lowest prices for items purchased.

No credit card purchases are used for personal use and all receipts are turned in with the bill. In April 2020, the Board of Supervisors passed a resolution approving credit cards and associated credit limits for certain individuals in the County Sheriff's department.

Conclusion – Response acknowledged. Advance authorization for all purchases should be documented as required. Also, all credit card purchases should be supported with proper documentation which includes the information necessary to determine the public purpose of the reimbursement.

(13) Local Option Sales and Services Tax – The County has imposed a local option sales and services tax (LOSST) of 1% effective through January 1, 1996. The LOSST revenues are to be expended for specific purposes allowed by the LOSST special election ballot, which specifies 30% for property tax relief, 40% for county infrastructure and 30% for county betterment. Although the County currently tracks certain disbursements of LOSST revenues in their accounting system, they did not track all County disbursements which could qualify for county infrastructure or monitor unspent balances for county infrastructure or county betterment at year end.

Recommendation - The County should track LOSST revenues, expenditures and balances to document and ensure compliance with the use of LOSST funds for allowable purposes. The County should also consult legal counsel to assist in their determination of unspent C

Response – The County has consulted legal counsel and will compile a list of qualifying expenses to determine the unspent balance since the time of the current County Auditor taking office. The County has set up a new fund and department to track all LOSST revenues and expenses completely and accurately.

Conclusion – Response accepted.

Staff

This audit was performed by:

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